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MACROECONOMIC POLICY QUESTIONS: FINANCING OF DEVELOPMENT, INCLUDING NET TRANSFER OF RESOURCES BETWEEN DEVELOPING AND DEVELOPED COUNTRIES

Costa Rica*: draft resolution

Net flows and transfer of resources between developing and developed countries

The General Assembly,

Reaffirming its resolutions 47/178 of 22 December 1992 and 49/93 of 19 December 1994 on net flows and transfer of resources between developing countries and developed countries,

Taking note of the World Economic and Social Survey, 1996, 1/ in particular chapter III thereof, entitled "The international economy", and the report of the Secretary-General on the net transfer of resources between developing and developed countries", 2/

Recognizing that the international community has a responsibility for giving strong support to the efforts of developing countries to solve their grave economic and social problems through the creation of a favourable international economic environment,

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* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

1/ United Nations publication, Sales No. E.96.11.C.1.

2/ A/51/291.

Noting that for many developing countries, especially those in Africa and the least developed countries, official development assistance remains an indispensable external source of financial resources to support their development efforts,

Stressing the unpredictable character of short-term private capital movements, which are particularly subject to interest-rate variations and other possible fluctuations in the domestic and international economic environment,

Expressing its concern that the net transfer of resources from multilateral financial institutions to developing countries has been negative in real terms,

Expressing its deep concern at the overall decline in the level of official development assistance,

1. Stresses the need to increase efforts to ensure the flow of substantial resources to developing countries, through, inter alia, an expansion of multilateral credits, the promotion of foreign direct investment and an increase in resources in the concessional and non-debt category;

2. Reaffirms the pressing need of developing countries for official development assistance and the urgent need for the industrialized countries to substantially increase that assistance so as to reach the internationally agreed target of 0.7 per cent of their gross national product for official development assistance as soon as possible;

3. Urges all countries, particularly the major industrialized countries, which have significant weight in influencing the international economic environment, to apply sound macroeconomic policies, to continue to narrow global economic imbalances between the developed and developing countries, to cooperate with the developing countries so as to enhance their capacities to address and alleviate their major problems in the areas of money, finance, resource flows, trade, commodities and external indebtedness, and to promote an international economic system more conducive to a favourable international economic environment and sustained economic growth, particularly in developing countries;

4. Stresses the importance of the role of International Development Association as a highly concessional lending arm of the World Bank in promoting development in the developing countries and urges donors to fully honour their commitment thereto, in particular to the eleventh replenishment of the International Development Association, and to secure its adequate future funding;

5. Appeals to all countries, particularly the developed countries, to cooperate and work together on issues relating to the financing of the Enhanced Structural Adjustment Facility during this interim period, including the sale by the International Monetary Fund of a part of its gold reserves, with a view to the achieving of a self-sustained Enhanced Structural Adjustment Facility;

6. Urges international financial institutions and donor countries to improve the quality of their loans, inter alia, through an extension of their maturity, a lowering of their interest rates and an increase in the grant

elements of such loans, and the removal of conditionalities, so as to enable the recipient countries to fully utilize the loans for their own development purposes;

7. Calls upon international financial institutions and donor countries to remove non-economic barriers that seriously restrict their provision of loans to developing countries;

8. Requests the Secretary-General to continue to monitor developments in the net flows and transfer of resources between developing and developed countries and, utilizing all relevant reports, such as those provided by the United Nations Conference on Trade and Development, the World Bank, the International Monetary Fund and the regional development banks, to report thereon in the World Economic and Social Survey, 1997, and also requests the Secretary-General to report, in close cooperation with the United Nations Conference on Trade and Development and the Bretton Woods institutions, to the General Assembly at its fifty-third session on the implementation of the present resolution.